

**RECREATION DISTRICT NO. 4  
OF THE PARISH OF ST. MARY**

Patterson, Louisiana

Financial Report

Year Ended September 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Recreation District No. 4 of the Parish of St. Mary  
Patterson, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of Recreation District No. 4 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District, as of September 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 23 and 24 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
April 12, 2013

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Net Assets  
September 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 31,071
Investments	261,145
Due from other governmental units	4,672
Prepaid expenses	12,715
Capital assets:	
Not being depreciated	22,000
Net of accumulated depreciation	<u>1,506,065</u>
Total assets	<u>1,837,668</u>
LIABILITIES	
Accounts payable	13,730
Deferred revenue	<u>5,555</u>
Total liabilities	<u>19,285</u>
NET ASSETS	
Invested in capital assets	1,528,065
Unrestricted	<u>290,318</u>
Total net assets	<u>\$ 1,818,383</u>

*The accompanying notes are an integral part of the financial statements.*

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Activities  
Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:			
Culture and recreation	\$ 333,060	\$ 58,130	\$ (274,930)
General revenues:			
Ad valorem taxes			114,177
Intergovernmental			79,407
Miscellaneous			69,062
Total general revenues			262,646
Change in net assets			(12,284)
Net assets - October 1, 2011			1,830,667
Net assets - September 30, 2012			\$ 1,818,383

*The accompanying notes are an integral part of the financial statements.*



## **FUND FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Balance Sheet  
Governmental Funds  
September 30, 2012

	<u>General</u>
ASSETS	
Assets:	
Cash and interest-bearing deposits	\$ 31,071
Investments	261,145
Prepaid expenditures	12,715
Due from other governmental units	<u>4,672</u>
Total assets	<u>\$ 309,603</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 13,730
Deferred revenue	<u>5,555</u>
Total liabilities	<u>19,285</u>
Fund balance:	
Nonspendable	12,715
Assigned	26,761
Unassigned	<u>250,842</u>
Total fund balance	<u>290,318</u>
Total liabilities and fund balance	<u>\$ 309,603</u>

(continued)

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Balance Sheet (continued)  
Governmental Funds  
September 30, 2012

Reconciliation of the governmental funds' balance sheet to the statement of net assets:

Total fund balances for governmental funds at September 30, 2012 \$ 290,318

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of

Land	\$ 22,000	
Buildings, net of \$838,975 accumulated depreciation	1,414,045	
Equipment, net of \$77,520 accumulated depreciation	<u>92,020</u>	<u>1,528,065</u>

Net assets at September 30, 2012 \$1,818,383

*The accompanying notes are an integral part of the financial statements.*

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2012

	General
Revenues:	
Ad valorem taxes	\$ 114,177
Charges for services	58,130
Intergovernmental	79,407
Interest income	510
Miscellaneous	4,044
Recreation Leagues	
Admissions	2,644
Advertising	2,200
Concessions	17,685
Donations	156
Registration and sponsor fees	27,167
Tournaments	14,656
Total revenues	<u>320,776</u>
Expenditures:	
Current -	
Culture and recreation	
Ad valorem tax deductions	3,784
Advertising	1,131
General administrative	498
Insurance	26,576
Intergovernmental	36,169
Meetings	440
Miscellaneous	2,117
Pension	3,784
Personal services	31,858
Professionals services	15,050
Recreation Leagues	
Concessions	8,926
Miscellaneous	1,146
Sports officials	9,514
Tournaments	13,258
Repairs and maintenance	23,431
Supplies and materials	43,078
Utilities	36,579
Capital outlay	<u>5,695</u>
Total expenditures	<u>259,250</u>
Net change in fund balance	61,526
Fund balance, beginning	<u>228,792</u>
Fund balance, ending	<u>\$ 290,318</u>

(continued)

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)  
Governmental Funds  
Year Ended September 30, 2012

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities:

Total net changes in fund balance for the year ended September 30, 2012 per	\$ 61,526
Revenues, Expenditures and Changes in Fund Balances	

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of		
Revenues, Expenditures and Changes in Fund Balances	5,695	
Depreciation expense for the year ended September 30, 2012	<u>(79,505)</u>	<u>(73,810)</u>

Total changes in net assets for the year ended September 30, 2012 per	
Statement of Activities	<u>\$ (12,284)</u>

*The accompanying notes are an integral part of the financial statements.*

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements

Recreation District No. 4 of the Parish of St. Mary, State of Louisiana was created by an ordinance of the St. Mary Parish Council on July 27, 1990. The District encompasses Ward Five of the Parish. The District is governed by a Board of Commissioners appointed by the St. Mary Parish Council. The purpose of the District is to provide for cultural and recreational activities in that portion of the Parish.

(1) Summary of Significant Accounting Policies

The more significant of the District's accounting policies are described below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and the ability of the Parish Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
- Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Government.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District, with the exception of interfund activity, whose effects have been removed from the government-wide financial statements. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is classified into one category: governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be the major fund and is described below:

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

Governmental Funds –

General Fund – the general fund is the general operating fund of the District. It is used to account for all financial resources and operations of the District.

C. Capital Assets

Capital assets are capitalized at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing assets.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	5-12 years
Improvements	15 years

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. The District uses the following practices in recording certain revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year taxes are assessed.

Other major revenues that are considered susceptible to accrual include earned grant and other intergovernmental revenues and interest on investments.

Substantially all other revenues are recorded when received.



RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

E. Cash

Cash includes amounts in demand deposits and interest bearing demand deposits.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Investments

State statutes authorize the District to invest in United States bonds, treasury notes or certificates, and time deposits of State banks organized under Louisiana law and national banks having principal offices in Louisiana. Local governments in Louisiana are also authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost. These investments include amounts invested in the Louisiana Asset Management Pool (LAMP).

G. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

H. Equity Classifications

Government-wide financial statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

3. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund financial statements

Fund balance for the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions approved by the Board of Commissioners.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners have provided otherwise in its commitment or assignment actions.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2012, the District has cash (book balances) totaling \$31,071, as follows:

Cash on hand	\$ 150
Demand deposits	770
Interest-bearing deposits	<u>30,151</u>
Total	<u>\$ 31,071</u>

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2012, the District has \$35,419 in deposits (bank balances). These deposits are entirely secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2012 consist of \$261,145 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAm by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(4) Ad Valorem Taxes

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and an enforceable lien attaches to the property on January 1. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives most of the ad valorem taxes in January and February.

For the year ended September 30, 2012, taxes of 2.26 mills were levied on property with assessed valuations totaling \$93,166,950.

Total taxes collected were \$114,177. There were no taxes receivable at September 30, 2012.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(5) Due from Other Governmental Units

The following is a summary of amounts due from other governmental units at September 30, 2012:

	<u>Governmental Activities</u>
Due from - St. Mary Parish Government	<u>\$ 4,672</u>

(6) Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

	<u>Balance 10/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Capital assets, being depreciated:				
Buildings	2,253,020	-	-	2,253,020
Equipment	163,845	5,695	-	169,540
Total	<u>2,438,865</u>	<u>5,695</u>	<u>-</u>	<u>2,444,560</u>
Less: accumulated depreciation				
Buildings	772,448	66,527	-	838,975
Equipment	64,542	12,978	-	77,520
Total	<u>836,990</u>	<u>79,505</u>	<u>-</u>	<u>916,495</u>
Net capital assets	<u>\$ 1,601,875</u>	<u>\$ (73,810)</u>	<u>\$ -</u>	<u>\$ 1,528,065</u>

Depreciation expense in the amount of \$79,505 was charged to culture and recreation.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(7) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

	<u>General</u>
Fund balances:	
Nonspendable for -	
Prepaid expenditures	\$ 12,715
Assigned	
Youth baseball/softball	23,164
Biddy basketball	3,597
	<u>26,761</u>
Unassigned	250,842
Total fund balances	<u>\$ 290,318</u>

(8) Compensation Paid To Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2012 in compliance with Louisiana Revised Statute 33:4572(B):

	<u>Per Diem Received</u>
Jamie Cheely	\$ 30
Daniel Felterman	110
William Miller	100
Vanessa Pinho	100
Warren Span	20
Jennifer Thibodaux	80
Total	<u>\$ 440</u>

(9) Intergovernmental Agreement

The District entered into an agreement with the Parish of St. Mary (Parish) for the construction of a new batting cage facility within the property of Kemper Williams Park, and renovations to the existing press box building that serve the youth baseball and softball fields at Kemper Williams Park. As consideration for improvements to be constructed by the District, the Parish agreed to allow the use of its land and facilities at Kemper Williams Park for the press box renovations and construction of the batting cage facility. The parties have also agreed that the Parish will operate and maintain the improvements. The District agreed to provide, at its sole cost and expense, all funds required to construct the improvements as well as administer the project, subject to approval of its plans and specifications of the Parish.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Financial Statements (continued)

(10) Related Party Transactions

St. Mary Parish (Parish) reimburses the District for the operation of the recreation leagues, the operation and maintenance of facilities, and the purchase of equipment. At September 30, 2012, the parish reimbursements totaled \$57,707 and are recognized as intergovernmental revenue in the District's fund financial statements. The Parish also pays for the District's utilities and labor for the general upkeep of the recreation facilities. Total expense reimbursements made by the District for the year ended September 30, 2012 were \$36,169, which are included in intergovernmental expenses in the District's fund financial statements.

(11) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2012. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(12) New Accounting Pronouncement

In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets). Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB No. 63 must be implemented by the District for the year ending September 30, 2013. The effect of implementation on the District's financial statements has not yet been determined.

## **REQUIRED SUPPLEMENTARY INFORMATION**



RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended September 30, 2012

	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 102,000	\$ 113,980	\$ 114,177	\$ 197
Charges for services	55,000	58,000	58,130	130
Intergovernmental	60,900	71,700	79,407	7,707
Interest income	4,000	455	510	55
Miscellaneous	3,330	3,339	4,044	705
Recreation Leagues				
Admissions	1,800	2,644	2,644	-
Advertising	-	2,200	2,200	-
Concessions	21,200	17,685	17,685	-
Donations	-	156	156	-
Registration and sponsor fees	22,000	26,792	27,167	375
Tournaments	8,600	14,656	14,656	-
Total revenues	278,830	311,607	320,776	9,169
Expenditures:				
Current -				
Culture and recreation				
Ad valorem tax deductions	3,500	3,784	3,784	-
Advertising	1,000	1,083	1,131	(48)
General administrative	600	450	498	(48)
Insurance	29,700	21,600	26,576	(4,976)
Intergovernmental	42,060	42,000	36,169	5,831
Meetings	400	440	440	-
Miscellaneous	300	2,117	2,117	-
Pension	3,500	3,784	3,784	-
Personal services	24,000	35,000	31,858	3,142
Professionals services	13,000	15,000	15,050	(50)
Recreation Leagues				
Concessions	9,500	8,926	8,926	-
Miscellaneous	475	1,146	1,146	-
Sports officials	11,700	9,514	9,514	-
Tournaments	7,500	13,258	13,258	-
Repairs and maintenance	20,325	28,000	23,431	4,569
Supplies and materials	40,025	41,000	43,078	(2,078)
Utilities	40,000	37,000	36,579	421
Capital outlay	-	12,055	5,695	6,360
Total expenditures	244,085	272,373	259,250	13,123
Net change in fund balance	34,745	39,234	61,526	22,292
Fund balance, beginning	228,792	228,792	228,792	-
Fund balance, ending	\$ 263,537	\$ 268,026	\$ 290,318	\$ 22,292

See accompanying note to budgetary comparison schedule.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Notes to Budgetary Comparison Schedule

(1) Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District

The District follows these procedures in establishing the budgetary data reflected in the financial statement:

1. The District prepares a proposed budget and submits it to the Board of Commissioners for approval.
2. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in the expenditures resulting from revenue exceeding amount estimated require the approval of the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.

## **INTERNAL CONTROL, COMPLIANCE AND OTHER INFORMATION**

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Retired:  
 Conrad O. Chapman, CPA\* 2006  
 Tynes E. Mixon, Jr., CPA 2011

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners  
 Recreation District No. 4 of the Parish of St. Mary  
 Patterson, Louisiana

We have audited the financial statements of the governmental activities and each major fund of Recreation District No. 4 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

The District's management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit results and findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit results and findings as item 2012-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying corrective action plan for current year findings. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report is intended for the information and use of the District's Board of Commissioners, the St. Mary Parish Council and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana revised statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
April 12, 2013

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Schedule of Audit Results and Findings  
Year Ended September 30, 2012

Part I. Summary of Auditor's Results:

Unqualified opinions have been issued on the financial statements of the District's governmental activities and the major fund.

A deficiency in internal control was disclosed by the audit of the financial statements and is considered to be material weaknesses.

There were no material instances of noncompliance required to be reported in accordance with *Government Auditing Standards*.

A management letter was not issued.

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control Findings-

2012-1 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2012

B. Compliance Findings-

There were no findings reported under this section.

Part III. Findings and questioned costs for federal awards required to be reported in accordance with Office of Management and Budget Circular A-133:

The requirements of OMB Circular A-133 are not applicable for the year ended September 30, 2012.

RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2012

A. Internal Control –

2011-1 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost/benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings, item 2012-1.

B. Compliance –

There were no findings previously reported under this section.



RECREATION DISTRICT NO. 4 OF THE PARISH OF ST. MARY  
Patterson, Louisiana

Corrective Action Plan for Current Year Findings  
Year Ended September 30, 2012

2012-1 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary